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T.R.A. DOCKET ROOM

March 16, 2004

VIA HAND DELIVERY

Hon. Deborah Taylor Tate, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *Petition of Level 3 Communications, LLC for Arbitration Pursuant to Section 252(b) of the Communications Act of 1934, as amended by the Telecommunications Act of 1996, for Rates, Terms and Conditions of its Interconnection Agreement with BellSouth Telecommunications, Inc.*
Docket No. 04-00059

Dear Chairman Tate:

Enclosed are the original and fourteen copies of BellSouth's *Response to Level 3 Communications, Inc.'s Petition for Arbitration*. Exhibit A to BellSouth's *Response* is a copy of the proposed interconnection agreement between the parties. Due to its volume, Exhibit A is being submitted as six paper copies and a CD Rom. Copies of the enclosed are being provided to counsel of record.

Very truly yours,

Guy M. Hicks

GMH:ch

BEFORE THE TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee

In Re: Petition of Level 3 Communications, LLC for Arbitration Pursuant to Section 252(b) of the Communications Act of 1934, as amended by the Telecommunications Act of 1996, for Rates, Terms and Conditions of its Interconnection Agreement with BellSouth Telecommunications, Inc.

Docket No. 04-00059

**BELLSOUTH TELECOMMUNICATIONS, INC.'S RESPONSE TO
LEVEL 3 COMMUNICATIONS, LLC'S PETITION FOR ARBITRATION**

Pursuant to 47 U.S.C. § 252(b)(3), BellSouth Telecommunications, Inc. ("BellSouth"), responds to the Petition for Arbitration ("Petition") filed by Level 3 Communications, LLC ("Level 3") and says:

Sections 251 and 252 of the Telecommunications Act of 1996 ("1996 Act") encourage negotiations between parties to reach local interconnection agreements. Section 251(c)(1) of the 1996 Act requires incumbent local exchange companies to negotiate the particular terms and conditions of agreements to fulfill the duties described in Sections 251(b) and 251(c)(2)-(6).

As part of the negotiation process, the 1996 Act allows a party to petition a state commission for arbitration of unresolved issues.¹ The petition must identify the issues resulting from the negotiations that are resolved, as well as those that are unresolved.² The petitioning party must submit along with its petition "all relevant documentation concerning: (1) the unresolved issues; (2) the position of each of the parties with respect to those issues; and (3) any other issues discussed

¹ 47 U.S.C. § 252(b)(2).

² See generally, 47 U.S.C. §§ 252 (b)(2)(A) and 252 (b)(4)

and resolved by the parties.”³ A non-petitioning party to a negotiation under this section may respond to the other party’s petition and provide such additional information as it wishes within 25 days after a commission receives the petition.⁴ The 1996 Act limits a commission’s consideration of any petition (and any response thereto) to the unresolved issues set forth in the petition and in the response.⁵

Through the arbitration process, a commission must resolve the unresolved issues ensuring that the requirements of Sections 251 and 252 of the 1996 Act are met. The obligations contained in those sections of the 1996 Act are the obligations that form the basis for negotiation, and if negotiations are unsuccessful, then form the basis for arbitration. Issues or topics not specifically related to these areas are outside the scope of an arbitration proceeding.

BellSouth and Level 3 previously entered into an Interconnection Agreement (“Agreement”) in Tennessee which expired on December 31, 2003. Although BellSouth and Level 3 negotiated in good faith as to the terms and conditions for a new Agreement, the parties have been unable to reach agreement on some issues and, as a result, Level 3 filed this Petition. BellSouth responds below to each of the separately numbered paragraphs of Level 3’s Petition:

I. THE PARTIES

1. BellSouth avers that the referenced Order of the Tennessee Regulatory Authority (“Authority” or “TRA”) speaks for itself and requires no response from

³ 47 U.S.C. § 252(b)(2).

⁴ 47 U.S.C. § 252(b)(3)

⁵ 47 U.S.C. § 252(b)(4)

BellSouth. BellSouth lacks information sufficient to form a belief as to the remaining allegations in Paragraph 1 of the Petition. Those remaining allegations, therefore, are denied.

2. The allegations in Paragraph 2 of the Petition require no response from BellSouth.

3. BellSouth admits the allegations in Paragraph 3 of the Petition.

4. BellSouth admits the allegations in Paragraph 4 the Petition.

II. THE INTERCONNECTION NEGOTIATIONS AND RESOLVED ISSUES

5. BellSouth admits that the Petition was timely filed. BellSouth agrees that the parties have been engaged in good faith negotiations over many sessions and have resolved a significant number of issues. If requested by the Authority, BellSouth will participate in an Authority-sponsored mediation session with Level 3. BellSouth denies any remaining allegations in Paragraph 5 of the Petition.

6. BellSouth denies the allegations in Paragraph 6 of the Petition to the extent that Level 3 asks the Authority to approve the proposed interconnection agreement attached to Level 3's Petition. Throughout negotiations, BellSouth has maintained the official copy of the Interconnection Agreement and, in furtherance of that responsibility, attaches as Exhibit "A" the official copy of the Interconnection Agreement reflecting the resolved and unresolved issues for the Authority to consider. BellSouth denies any remaining allegations in Paragraph 6 of the Petition.

7. BellSouth admits that a significant number of issues have been resolved through good-faith negotiations between the Parties, including entire

attachments of the Interconnection Agreement. The resolved and unresolved provisions of the Interconnection Agreement are accurately reflected in Exhibit "A" hereto. BellSouth denies any remaining allegations in Paragraph 7 of the Petition.

III. JURISDICTION

8. BellSouth avers that the referenced provisions of the 1996 Act speak for themselves and require no response from BellSouth. BellSouth agrees with the deadlines for the filing of the Petition (February 20, 2004) and for the decision by the Authority (June 13, 2004). BellSouth denies any remaining allegations in Paragraph 8 of the Petition.

IV. APPLICABLE LEGAL STANDARDS

9. BellSouth avers that the referenced provisions of the 1996 Act and Rules/Orders of the Authority speak for themselves and require no response from BellSouth. BellSouth denies any remaining allegations in Paragraph 9 of the Petition.

10. BellSouth admits that the ultimate decision of the Authority must be consistent with the requirements of the 1996 Act. BellSouth denies any remaining allegations in Paragraph 10 of the Petition.

V. UNRESOLVED ISSUES

11. Although not reflected in separately numbered paragraphs, pages 6 through 47 of the Petition set forth the unresolved issues and the Parties' positions, as understood by Level 3, on those unresolved issues. BellSouth denies that pages 6 through 47 of the Petition set forth BellSouth's positions in a complete or accurate manner. Consistent with § 252(b)(3) of the 1996 Act,

BellSouth prepared an Issues Matrix, attached hereto as Exhibit "B," which sets forth a neutral wording of the issue to be decided by the Authority and a summary of BellSouth's positions on each of the unresolved issues identified in the Petition. BellSouth denies any remaining allegations in pages 6 through 47 of the Petition.

VI. CONCLUSION AND PRAYER

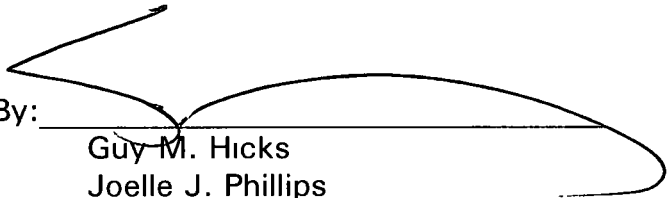
12. BellSouth denies the allegations in the Conclusion and Prayer section of the Petition (page 47). BellSouth affirmatively avers that the Authority should reject Level 3's positions on each and every one of the issues set forth herein and, instead, adopt BellSouth's positions on the issues set forth herein.

13. BellSouth notes that national and state telecommunications law and policy is in a state of flux and could potentially impact even those provisions of the parties' Interconnection Agreement that are not currently in dispute. In the event changes and/or clarifications of the law impact the disputed and/or undisputed provisions of the parties' Interconnection Agreement (and the parties are unable to agree on how any such changes and/or clarifications are to be incorporated into the parties' Interconnection Agreement), BellSouth reserves the right to seek further redress from the Authority on those issues.

14. BellSouth denies each and every allegation in the Petition not expressly admitted herein, and demands strict proof thereof.

Respectfully submitted,

BELLSOUTH TELECOMMUNICATIONS, INC.

A handwritten signature in black ink, appearing to read "Guy M. Hicks", is written over a horizontal line. The signature is stylized with a large loop at the end.

By:

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